

Message Text

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PAGE 01 SAN JO 01574 151611Z
ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 AGRE-00 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 OMB-01 NSC-05 SS-15 STR-04
CEA-01 /069 W

-----160447Z 092171 /14

R 151554Z APR 77
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 7030
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

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GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A
TAGS: EPAP, ETRD, CS
SUBJECT: DISAPPOINTING SALES OF COFFEE BONDS

1. SALES OF COFFEE BONDS, DESIGNED TO SOAK UP EXCESS LIQUIDITY FROM HIGH COFFEE PRICES, HAVE BEEN DISAPPOINTING SO FAR AND THE COSTA RICAN GOVERNMENT AND PRESIDENT ODUBER ARE SERIOUSLY CONCERNED AND CONTEMPLATING ADDITIONAL STEPS, ACCORDING TO INFORMATION OBTAINED FROM A DISCUSSION WITH A HIGH CENTRAL BANK OFFICIAL. SALES THUS FAR HAVE BEEN ONLY 10.4 MILLION COLONES AS COMPARED TO A TARGET FIGURE WHICH WAS ORIGINALLY SET AT 500 MILLION COLONES. MOREOVER, EXCESS LIQUIDITY IN THE ECONOMY IS BECOMING INCREASINGLY EVIDENT AND THE GOVERNMENT NOW WISHES TO RAISE THE TARGET FOR BOND SALES TO 800 MILLION COLONES.

2. WHAT TO DO TO STIMULATE COFFEE BOND SALES IS NOW THE
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PAGE 02 SAN JO 01574 151611Z

NUMBER ONE PROBLEM FACING THE BANK, ACCORDING TO SOURCE. THE BANK WILL PROBABLY UNDERTAKE A MORE INTENSIVE SALES CAMPAIGN TO REACH COFFEE PRODUCERS IN THE SMALL TOWNS AND VILLAGES AND WILL ALSO PUT MORE PRESSURE ON THE COFFEE PRODUCERS THROUGH THEIR ASSOCIATION. IN ADDITION, THE GOVERNMENT MAY MAKE SOME ADJUSTMENTS IN THE INTEREST RATE STRUCTURE TO MAKE THE COFFEE BONDS MORE COMPETITIVE WITH COMPETING INSTRUMENTS. THREE

POSSIBILITIES ARE UNDER CONSIDERATION: 1) TO INCREASE THE RATE
OF INTEREST ON COFFEE BONDS; 2) TO LOWER THE INTEREST PAID BY
FINANCIERS ON CERTIFICATES OF DEPOSIT; OR 3) TO LOWER THE RATE OF
INTEREST PAID ON GOVERNMENT BONDS. KILDAY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, COFFEE, GOVERNMENT BONDS, POLICIES, GOVERNMENT REACTIONS, INTEREST RATES, LIQUIDITY (MONETARY)
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANJO01574
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770132-0652
Format: TEL
From: SAN JOSE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770452/aaaabtal.tel
Line Count: 66
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: aae198a4-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2792928
Secure: OPEN
Status: NATIVE
Subject: DISAPPOINTING SALES OF COFFEE BONDS
TAGS: EPAP, ETRD, EFIN, CS
To: STATE
Type: TE
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